

Price-Based Acquisition Throughout DoD



ACQUISITION,
TECHNOLOGY AND
LOGISTICS

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NOV 29, 2000

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
ATTENTION: SERVICE ACQUISITION EXECUTIVES
BALLISTIC MISSILE DEFENSE ORGANIZATION
ATTENTION: ACQUISITION EXECUTIVE

SUBJECT: Price-Based Acquisition

Section 912c of the National Defense Authorization Act for FY 1998 resulted in chartering a study team to look at implementing price-based acquisition (PBA) within the Department. The study team did an excellent job fleshing out the issues and addressing literally hundreds of questions and comments. Although a consensus among the team was not achieved, the final report adds significantly to the body of knowledge in this area. I accept their report and thank them for their outstanding work. I believe PBA offers great potential, and I endorse its use throughout the Department of Defense (DoD).

PBA is one of a number of strategies that we are pursuing to move toward greater access to commercial technologies, products, and processes, as well as to achieve far greater efficiency and effectiveness from our traditional defense suppliers. These objectives are vital to our ability to support the Revolution in Military Affairs and to keep pace with the accelerating advances in technologies worldwide. Various other strategies are being developed to complement PBA. Other strategies will be based on the work of the Lean Aircraft Initiative's work on incentives, and on civil-military industrial integration.

The recommendations made by the PBA report cover a broad spectrum — from early program planning and requirements definition through contact execution. Understanding that the Department could not reach consensus on many of the report's recommendations, but to continue investigating PBA concepts, I request that each Service Acquisition Executive designate at least three programs, and the Ballistic Missile Defense Organization Acquisition Executive designate at least one program, to use as test beds for gaining more insight into the application of PBA in research and development and life cycle support contracts.

Many of the recommendations made by the PBA team can be used today. Others may require regulatory or statutory changes. The DUSD(AR), in consultation with the Office of General Counsel, will work with the program manager of each designated program to identify regulatory and statutory barriers to implementing PBA. Such regulatory barriers will be reviewed to determine if they can be waived for the affected test program. These barriers should not affect the selection of the programs for purposes of implementing the recommendations.